

ASTON HILL FINANCIAL INC.

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

MANAGEMENT DISCUSSION & ANALYSIS FORM 51-102F1

This management discussion and analysis (“MD&A”) document for Aston Hill Financial Inc. (“Aston Hill” or the “Company”) should be read in conjunction with the unaudited interim consolidated financial statements for the three month period ended March 31, 2010 and the audited annual consolidated financial statements for the years ended December 31, 2009 and December 31, 2008 and the notes thereto of Aston Hill.

The information provided herein is effective as of May 26, 2010 and is, in part, based upon assumptions regarding future events and results, which may vary.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of Aston Hill’s management at the time the statements were made.

Overview

Aston Hill is a company listed on the TSX Venture Exchange and incorporated under the *Business Corporations Act* (Alberta). The Company’s business focuses mainly on managing energy-related investment funds and assets and providing investment portfolio advisory services to fund managers. To that end, Aston Hill has created wholly-owned subsidiary corporations and divisions which have defined platforms and objectives of their own, all as part of the Company’s business plan.

Business Interests

Aston Hill conducts business essentially along two distinct divisional lines: Financial Portfolio Management and Advisory, and Sword Oil and Gas Property Management.

FINANCIAL PORTFOLIO MANAGEMENT AND ADVISORY

The Financial Portfolio Management and Advisory business side of the Company is led by two portfolio managers: Ben Cheng, Chartered Financial Analyst (“CFA”) charterholder out of the Toronto office; and Joanne Hruska, CFA charterholder out of the Calgary office. Aston Hill and its subsidiaries manage the Catapult Group of Funds and have sub-advisory relationships with IA Clarington Investments Inc. (“IA Clarington”), Ark Fund Management Ltd. (“Ark Funds”) and First Asset Management Inc. (“First Asset”). Financial Portfolio Management and Advisory had \$1.4 billion under management and advisory as at March 31, 2010.

Catapult Financial Management Inc. (“Catapult Financial”), an Alberta company and wholly owned subsidiary of Aston Hill, provides management and advisory services to private energy and flow-through share accounts. As well, Catapult Financial is currently involved in portfolio advisory for IA Clarington, the Ark Funds, and First Asset.

On November 7, 2008, Catapult Energy 2008 Inc. (“Catapult 2008”), an Alberta Company and wholly owned subsidiary of Aston Hill, closed the initial offering of Catapult Energy 2008 FTS Limited Partnership (the “FTS 2008 Partnership”). Catapult 2008 is responsible for developing and implementing all aspects of the FTS 2008 Partnership’s communications, marketing and distribution strategies and manages its ongoing business and administrative affairs. Aston Hill has been retained by Catapult 2008 to advise on the management of the investments in flow-through shares of private and public junior resource issuers for the FTS 2008 Partnership.

IA Clarington Relationship

Catapult Financial is the portfolio sub-advisor for the IA Clarington Tactical Income Fund (formerly IA Clarington Income Trust Fund) (“Tactical Income Fund”). The Tactical Income Fund invests approximately two-thirds of its portfolio in equity securities and trust units and about one third in fixed income securities, cash and cash equivalents.

Catapult Financial is also the sub-advisor to IA Clarington Global Income Fund (“Global Income Fund”). The investment strategy of the Global Income Fund is to seek out companies with stable earnings growth, strong management, solid balance sheet and a growing overall market share. The Global Income Fund seeks to generate income and long-term capital growth by investing in a combination of equity and fixed income securities of companies located mainly in Europe and North America.

On February 8, 2010, Aston Hill announced that the agreements between its portfolio management subsidiary, Catapult Financial, and IA Clarington have been extended to further strengthen the nature and commitment of their relationship and facilitate a long-term business arrangement. The extended agreements include an amended sub-advisory agreement with IA Clarington that has an initial term of 5 years. Pursuant to the aforementioned agreements, advisory fee revenue and consulting expenses will each increase by \$400,000 for each of the five years of the agreement. An estimate of any other financial effects and incremental revenue that will be earned on the advisory services to be performed in accordance with the renewed agreement cannot be made.

IA Clarington, a subsidiary of Industrial Alliance Insurance and Financial Services Inc., markets a wide range of investment products, including mutual funds, segregated funds, principal protected notes and closed end funds managed by leading portfolio managers.

First Asset Relationship

On March 17, 2009, Aston Hill in conjunction with First Asset, announced the filing of the final prospectus for the initial public offering of the Preferred Share Investment Trust (the “Trust”). The first closing for the Trust was on April 3, 2009 for \$55 million. Aston Hill provides the Trust with investment portfolio advisory services.

The Trust invests in an actively managed portfolio comprised primarily of investment grade preferred shares and to a lesser extent investment grade corporate debt and convertible bonds in order to provide unitholders with the opportunity for growth of their investment value through any capital appreciation of the portfolio and quarterly distributions.

First Asset offers a unique variety of innovative, tax-effective investment vehicles including TSX-listed investments funds, mutual funds, principal-protected notes and flow-through limited partnerships.

Ark Funds Relationship

Catapult Financial provides advisory services to Ark Aston Hill Energy Class Mutual Fund (“Ark Energy Fund”), Ark Aston Hill Monthly Income Class Mutual Fund (“Ark Monthly Fund”), and Ark Catapult Energy Class Fund (“Ark Catapult Fund”). Ark Fund Management Ltd. is a Toronto-based distributor of mutual funds and hedge funds.

Ark Energy Fund is an open ended mutual fund corporation that focuses on investment in the energy sector and seeks to generate long-term capital growth through the investment in Canadian energy exploration and production companies.

The Ark Monthly Fund distributes a highly tax-efficient, fixed monthly distribution of 5 cents. This fund invests in dividend paying equities, income and royalty trusts and fixed income securities, having a flexible mandate in security selection, sector exposure and asset allocation.

Ark Catapult Fund’s investment objective is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian energy and resource issuers.

SWORD OIL AND GAS PROPERTY MANAGEMENT

Aston Hill identifies potential oil and natural gas exploration and development opportunities in both the private and public sectors within its oil and gas management division. The mandate is to identify, acquire and manage oil and gas properties on behalf of institutional investors. In 2007, the Company, alongside Infra-PSP Canada Inc. ("PSP"), a wholly-owned subsidiary of the Public Sector Pension Investment Board ("PSPIB"), acquired all of the issued and outstanding trust units of Thunder Energy Trust ("Thunder"). Aston Hill now manages the assets of the resulting private entity, Sword Energy Inc. ("Sword"). Aston Hill received an acquisition promote valued of \$5.0 million in 2007 for its efforts in structuring the transaction and continues to receive ongoing management and acquisition fees for providing Sword with management consulting services and a performance bonus if certain hurdles are met. In 2008, Aston Hill invested additional cash of \$1.8 million and borrowed a further \$0.8 million to maintain its 2.42% interest to purchase its portion of shares in Sword. In 2008, the Company also received an increase in its interest of 0.15% valued at \$0.5 million and recorded as management fees, which in accordance with the executed management agreement, were reinvested to increase its interest in ownership of Sword to 2.57%.

In September 2009, Aston Hill invested additional cash of \$1.0 million to maintain its 2.57% interest in Sword.

The details of the management agreement and fee structuring are subject to confidentiality agreements, however are in line with comparable agreements in the oil and natural gas industry.

OTHER BUSINESS INTERESTS

Juno Canada Holdings Ltd. ("Juno"), an Alberta company, sells debentures and invests the proceeds in the Wisevest Income Fund ("Wisevest"). Wisevest was established by deed of trust on January 1, 2004 and Juno is the sole holder of Wisevest units. Wisevest's investment objective is to maximize distributions primarily through investment in securities of Canadian royalty and income trusts. Juno has a \$250,000 debenture (fully collateralized by the Wisevest units) bearing interest at 8.4% per annum and maturing May 11, 2012. PortfolioCo Inc., an Alberta company and wholly-owned subsidiary of Aston Hill, is the manager of Wisevest and earns fees for its management and administration services.

Aston Hill also invests excess working capital in various investment opportunities including, but not limited to, bankers' acceptances, term deposits, short term bonds, common share securities and oil and gas properties.

Assets Under Management

As at March 31, 2010 the Company had approximately \$1.76 billion in assets under management and advisory. The following table summarizes the various investment profiles managed by Aston Hill:

Assets Under Management and Advisory	(\$ Millions)
Oil and natural gas properties	\$ 376
Financial Portfolio Management	17
Assets Under Management	\$ 393
Financial Portfolio Advisory	1,366
Total Assets under Management and Advisory	\$ 1,759

Future Accounting Changes

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), on or by January 1, 2011. The Company will need to begin reporting under IFRS for the fiscal year beginning on January 1, 2011, including comparative figures for the prior year. The Company will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan.

The Company continues to monitor the development of standards and regulations issued by the IASB and the Canadian Securities Administrators that may affect the timing, nature, or disclosure of its adoption of IFRS. As at March 31, 2010, the Company has not quantified the financial reporting impact of the differences between Canadian GAAP and IFRS on its operations.

Capital Management

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Company currently consists of equity instruments. From time to time, the Company may finance long term investments through bank indebtedness.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives.

Marketable Securities

As at March 31, 2010, the Company's marketable securities had estimated fair value of \$110,780 (December 31, 2009 - \$97,640). For the three month period ended March 31, 2010, the Company recognized a gain of \$nil (2008 - \$95,316 loss) on the sale of marketable securities.

During the three month period ended March 31, 2010, the Company recognized changes in fair value of marketable securities of positive \$13,140 (2009 - \$74,304 positive).

Long-Term Investments

As at March 31, 2010, the Company's long-term investments had estimated fair value of \$9,096,092 (December 31, 2009 - \$10,197,491). The fair value of the Sword investment as at March 31, 2010 is \$8,789,400 (December 31, 2009 - \$9,890,691) is included in long-term investments. The Company recognized decreases in the fair value of long-term investments for the three month period ended March 31, 2010 of \$1,101,291 (2009 - \$971,036) predominantly due to the changes in the Company's investment in Sword. Note that the fair value of the investment in Sword is recalculated quarterly based on internal and external reserve evaluations and estimates. The fair value is also affected significantly by a volatile oil and natural gas pricing environment. Therefore, changes in the fair value from the Sword investment may fluctuate materially from quarter to quarter.

The Company manages Sword Energy Inc. ("Sword"), a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement.

During the 2008 year, the Company invested additional cash of \$1,815,000 and borrowed a further \$800,000 (which was fully repaid within 2008) to maintain its 2.42% interest in Sword. Sword, in turn, purchased shares of a private oil and gas company. In addition to cash received for providing management services, the Company received an increase in its interest in Sword (equivalent to a 0.15% interest, resulting in the interest of Sword as at December 31, 2008 of 2.57%) valued at \$489,269 and recorded as management fees with an offset to long-term investments. In 2009, the Company invested additional cash of \$1,028,000, along with the other shareholders of Sword, to maintain its 2.57% interest in Sword.

Cash Position and Results of Operations

The Company's cash position at March 31, 2010 was \$2,099,096 (December 31, 2009 - \$1,292,811).

Aston Hill's results of operations for the three month period ended March 31, 2010 is a net loss after tax of \$1,001,838 (2009 - \$1,179,114 net loss).

During the three month period ended March 31, 2010, net income includes revenue of \$1,655,903 (2009 - \$774,790) from management fees, interest and dividend income, and royalty and oil and gas property investment income, offset by net operations expenses of \$1,766,087 (2009 - \$958,420) and decreased by

loss from investing activities of \$1,087,654 (2009 - \$995,484 loss). Included in expenses are non-cash charges for stock compensation and amortization of fixed assets totaling \$111,500 (2009 - \$106,000).

During the three month period ended March 31, 2010, Aston Hill recorded interest, dividend, royalty and oil and gas property investment income, net of dealer commissions of \$19,007 (2009 - \$29,275).

Summary of Quarterly Information

	2010		2009				2008	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 1,655,903	\$ 1,290,776	\$ 1,057,485	\$ 720,609	\$ 774,790	\$ 1,099,812	\$ 712,633	\$ 789,756
Expenses	(1,766,087)	(1,149,209)	(964,834)	(919,384)	(958,420)	(870,009)	(1,024,918)	(1,062,590)
Investing	(1,087,654)	1,886,566	(406,127)	(59,072)	(995,484)	(2,858,240)	(1,540,620)	2,029,204
Net income (loss) for period	\$ (1,197,838)	\$ 2,028,133	\$ (313,476)	\$ (257,847)	\$ (1,179,114)	\$ (2,628,437)	\$ (1,852,905)	\$ 1,756,370

The following is an explanation for the significant changes in revenues over the prior years' quarters:

- The increase in revenue from the first quarter of 2010 compared to the latter quarters of 2009 is due mainly to the increase in advisory fees from an increase in AUM of the IA Clarington Tactical Income Fund.
- In the fourth quarter of 2008, the majority of the increase was due to the non-cash management fee of \$489,269 received from Sword.

The following is an explanation for the significant changes in expenses over the prior years' quarters:

- The increase in expenses in the first quarter of 2010 as compared to the fourth quarter of 2009 is due to an increase in legal fees and marketing costs associated with new product development as well as employee incentive payments. Typically in the first quarter, the Board of Directors determine and approve annual employee bonuses based on the performance in the past year. As with prior year's accounting treatment, the expense has been fully recognized in the quarter for which the payment is made.
- The large decrease in expenses from the third quarter to the fourth quarter of 2008 is mainly due to the recovery of audit and legal fees that were paid by the Company on behalf the FTS 2008 Partnership.

The following is an explanation for the significant changes in investing activities over the prior years' quarters:

- The significant changes between the quarters in 2008, 2009, and the first quarter of 2010 relates mainly to the volatile oil and natural gas pricing environment and its affect on the Sword investment.
- The decrease from the fourth quarter of 2009 to the first quarter of 2010 is mainly due to an unrealized loss on the Sword investment in the first quarter of 2010 of \$1,101,291.

Commitments and Guarantees

The Company is committed to lease office space with future base rent payments and auto lease payments of \$167,270 for 2010, \$224,619 for 2011, \$166,355 for 2012, \$161,047 for 2013 and \$36,760 thereafter for a total of \$756,051 in commitments. The Company is also required to pay its proportionate share of operating and property tax costs for the premises.

The Company has agreed to indemnify certain individuals, who have acted at the Company's request to be an officer or director of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individual as a result of their services. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to the beneficiary of such indemnification agreement. The Company has purchased various insurance policies to reduce the risks associated with such indemnification.

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. In some cases the Company requires indemnities from its service providers, related to the Company's indemnification obligations to customers. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

Catapult Energy 2008 Inc., a wholly-owned subsidiary of the Company, has guaranteed all the debts, liabilities and obligations of Catapult Energy 2008 FTS Limited Partnership, as the General Partner.

Related Party Transactions

The Company had the following related party transactions:

Accounts receivable includes management fees receivable from Catapult Energy 2008 FTS Limited Partnership ("2008 FTS") of \$47,418 (2009 - \$33,985) for services provided by the Company, as administrator. During the three month period ended March 31, 2010, related management fees of \$45,160 (2009 - \$14,982) were recorded as revenue. Also, notes receivable of \$nil (2009 - \$1,064,031) are promissory notes due from 2008 FTS. During the three month period ended March 31, 2010, related interest income from the promissory notes of \$9,101 (2009 - \$15,699) were recorded. Accounts receivable also include interest receivable relating to the notes receivable of \$2,217 (2009 - \$15,699).

The Company manages Sword Energy Inc., a private company, on behalf of the majority shareholders and is paid a quarterly management fee in accordance with an executed management agreement. Accounts receivable includes \$480,137 (2009 - \$587,092) as at March 31, 2010 in respect of these management fees. For the three month period ended March 31, 2010, \$403,367 (2008 - \$553,750) was recorded as revenue in respect of these management fees.

Consulting expense for the three month period ended March 31, 2010, includes \$nil (2009 - \$16,500) paid to Ghost Lake Manor Inc. for consulting services provided. Ghost Lake Manor Inc. is controlled by an indirect controlling shareholder of the Company.

On August 14, 2009, the Company closed a brokered private placement by issuing 5,117,301 common shares at a price of \$0.30 per share for gross proceeds of \$1,535,190.30. Each unit consists of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at a price of \$0.45 per common share until February 14, 2011. The proceeds were used for long-term investment purposes. Share issue costs of \$281,942 were paid to legal counsel and to the brokerage agent in respect of this private placement. Directors and officers of the Company and of the Company's subsidiaries subscribed for 636,000 of the shares issued in this private placement, representing \$190,800 or approximately 12.4% of the shares issued. Therefore, Directors and officers of the Company and its subsidiaries were issued 318,000 common share purchase warrants, representing approximately 12.4% of the warrants issued.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

Subsequent Event

On April 21, 2010, Aston Hill, through its wholly owned subsidiary Catapult Financial Management Inc. (“Catapult”) in conjunction with IA Clarington Investments Inc. (the “Manager”), announced that the IA Clarington Aston Hill Tactical Yield Fund (the “Fund”) has completed its initial public offering of 10 millions Units at a price of \$10.00 per Unit for gross proceeds of \$100 million.

The Fund portfolio will be actively managed by Aston Hill through Catapult. The President and Chief Investment Officer of Aston Hill will be the lead portfolio manager responsible for selecting investments in the Fund's portfolio.

Business Objectives

For the remainder of 2010, the Company plans to continue to launch new funds with its current clients to expand the Financial Portfolio Management and Advisory initiative. The Company intends to seek additional institutional and private equity investors for the Sword Oil and Gas Property Management business and is continually researching acquisition strategies as opportunities increase in the current low commodity price environment.

Effectiveness of Disclosure Controls and Procedures

The Company has in place certain disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to Aston Hill by others within those entities, particularly during the period in which annual filings are being prepared. Management of Aston Hill has concluded that the disclosure controls and procedures which it had in place as at the end of the financial period ended March 31, 2010 are effective.

Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the period ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Outstanding Share Data

<u>Capital</u>	<u>Authorized</u>	<u>Outstanding as at May 26, 2010</u>	<u>Common Shares Underlying Convertible Securities</u>
Common Shares	Unlimited	65,965,332 ⁽¹⁾	-
Stock Options	Not Applicable	5,345,021 ⁽¹⁾	5,345,021 ⁽¹⁾
Warrants	Not Applicable	1,143,655 ⁽¹⁾	-

Notes:

- (1) The Company received shareholder approval to reserve for issuance up to 10% of the issued and outstanding Common Shares at the date of the creation for its incentive stock option plan.

Reference is made in this Management Discussion & Analysis to the Company's consolidated financial statement disclosure for the relevant periods filed on the SEDAR website at www.sedar.com where additional disclosure relating to the Company can also be located.

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